

**SECRET****UNITED STATES DEPARTMENT OF COMMERCE**  
International Trade Administration  
Washington, D.C. 20230

(2)

MEMORANDUM FOR: JOHN D. SCANLAN  
Deputy Assistant Secretary  
for European Affairs  
Department of State

FROM : Bo Denysyk  
Deputy Assistant Secretary  
for Export Administration

SUBJECT : Review of U.S. Policy Toward Eastern Europe

The Department of Commerce requests that the Commerce proposed paragraph on technology transfer and export controls which received a 5-5-1 vote at the May 21 IG be submitted to the SIG:

U.S. strategic concerns must remain paramount. To the extent it is demonstrable that there will be no harm to the national security interests of the U.S. or its allies, it may be in U.S. interests to maintain a differential licensing policy for certain countries of Eastern Europe. In view of the close integration of Warsaw Pact economies, a U.S. differential licensing policy should be cautiously implemented, giving full weight to national security considerations. In those instances where the likelihood of diversion is minimal, and when a country has demonstrated a clearly independent line in foreign affairs or has implemented significant political and economic reforms of benefit to U.S. foreign policy, consideration should be given to allowing exceptions to the COCOM list for both end products and technology, provided it can be demonstrated that there is no harmful impact on the U.S. initiative to restrict further the flow of critical technology to nine Soviet defense priority industries. Consideration should also be given to approval of U.S. unilaterally-controlled products and technologies.

State/EB concurs in this version. DOD continues to reserve, and in particular is concerned about the concluding sentence.

Classified by: Bo Denysyk/DAS/EA  
Declassify on: 5/26/88

Not referred to DOC. Waiver

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